

*This article by Matthew Sweeney is excerpted from a letter of [Laughing Water Capital](#).*

IES Holdings (IESC) entered our portfolio as a smaller position.

The company is a conglomerate with business in four verticals - Commercial & Industrial, Communications, Residential, and Infrastructure. While these businesses should benefit from both cyclical and secular tailwinds in the years to come and are thus interesting in their own right, what makes an investment in IESC more interesting is that it is almost 60% controlled by Jeffrey Gendell, an excellent capital allocator. Gendell is the founder of Tontine Capital, where he previously compounded capital at ~40% a year for a decade. Further, the company has approximately \$400 million in NOLs, meaning that Gendell will be able to allocate IESC's earnings under a tax shield, which should drive considerable shareholder value.

Credit for this idea belongs to Chris Colvin of Breach Inlet Capital, who first brought it to our attention.